Government of Saskatchewan

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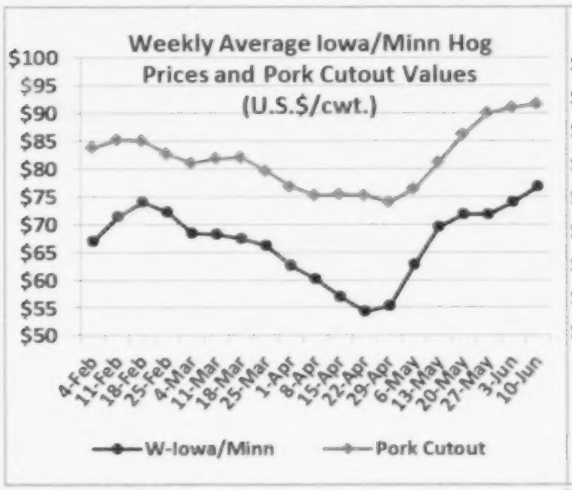
Weekly Hog Report

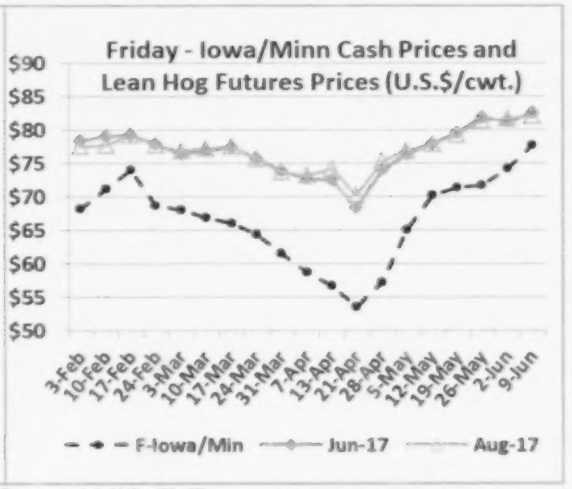
June 12, 2017

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were higher last week. Hog prices on Friday June 9 averaged US$77.65 per cwt, up US$3.36 per cwt or 4.5 per cent from US$74.29 per cwt the previous Friday. The negotiated weekly base price last week averaged US$76.81 per cwt, up US$2.84 per cwt or 3.8 per cent from US$73.97 per cwt the previous week. Slaughter weight cash hog prices were higher on continued seasonal strength and good packer margins on higher pork cutout values.



Source: LMIC



Source: LMIC, CME

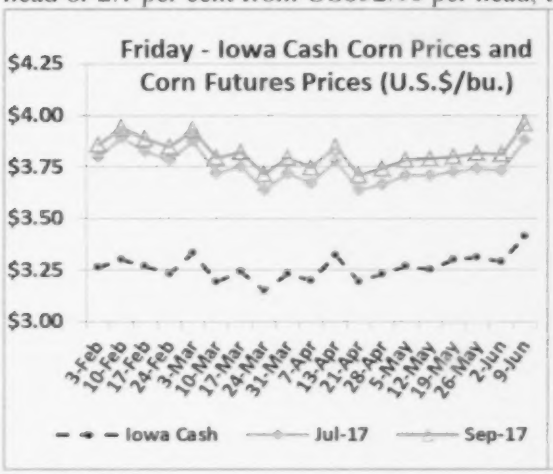
In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday June 9, 2017 was $191.98 per ckg, up $7.63 per ckg or 4.1 per cent from $184.35 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $188.63 per ckg, up $6.43 per ckg or 3.5 per cent from the previous weeks' average price of $182.20 per ckg. The Canadian dollar moved higher to settle last Friday at 74.33 cents, up 0.28 cents from 74.05 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were mixed last week but overall higher to end the week up, week-over-week. The nearby June lean hog futures contract increased US$1.250 per cwt last week to settle Friday at US$82.475 per cwt; while the August lean hog futures contract increased US$0.350 per cwt to settle last Friday at US$82.050 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$26.18 per head, down US$5.96 per head or 18.5 per cent from US$32.14 per head the previous week. Feeders (40lb) averaged US$53.13 per head, up US$1.07 per head or 2.1 per cent from US$52.06 per head, the previous week.



Source: LMIC

Source: Iowa Agriculture, CME

Iowa cash corn prices settled last Friday at US$3.41 per bushel, up 12 cents from US$3.29 per bushel the previous Friday. Corn futures moved higher over the week with big gains Wednesday to push prices higher, week-over-week. The July contract increased 15 cents to settle Friday at US$3.87 ¾ per bushel; while the September contract also increased 15 cents to settle Friday at 3.95 ¾ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending June 10 were estimated at 2.192 million head, up 11.2 per cent from 1.972 million head the previous shorter holiday week, and up 4.9 per cent from 2.090 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last four weeks have averaged about 2.158 million head, up 4.2 per cent from 2.072 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending June 3, 2017 were estimated at 417,922 head, up 17.9 per cent from 354,600 head the previous shorter holiday week, and up 5.6 per cent from 395,884 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 398,648 head, up 3.1 per cent from 386,781 head over the same period a year ago. Year-to-date, Canadian hog slaughter numbers totaled 9,179,587 head, up 1.6 per cent from the same period a year ago. (Source: AAFC/CFIA)

In Western Canada, federal and provincial hog slaughter numbers for the four weeks ending June 3, 2017 averaged 165,108 head, up 3.1 per cent from 160,202 head over the same period a year ago. Year-to-date, Western Canadian hog slaughter numbers totaled 3,785,638 head in 2017, up 2.5 per cent from the same period a year ago.

Meat Production

U.S. pork production for the week ending June 10, 2017 was estimated at 461.2 million lb., up 10.8 per cent from 416.2 million lb. the previous shorter U.S. holiday week, and up 4.1 per cent from 443.1 million lb. the same week a year ago. Pork production over the last four week's ending June 10 was estimated to average 454.0 million lb., up 3.2 per cent from 440.0 million lb. over the same four week period a year ago.

U.S. beef production for the week ending June 10 was estimated at 489.9 million lb., up 13.3 per cent from 432.4 million lb. the previous week, and up 1.7 per cent from 481.8 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending June 3, 2017, was estimated to average 2.054 billion lb., up 1.8 per cent from 2.018 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2017 is estimated to be up 2.0 per cent compared to the same period in 2016.

United States Weekly Meat Production

(June 3) Four Week Average - Million Lb.			Percent Change	
	2016	2017	4 Week	YTD 2017
Pork	443.9	458.2	3.2%	3.1%
Beef	465.6	473.2	1.6%	4.3%
Chicken	978.8	993.3	1.5%	0.7%
Turkey	130.1	129.4	-0.6%	0.6%
Total	**2,018.3**	**2,054.2**	**1.77%**	**2.03%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending June 10, 2017 averaged US$91.50 per cwt, up US$0.51 per cwt or 0.6 per cent from US$90.99 per cwt the previous week, and up 5.0 per cent from US$87.14 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending June 10, 2017 averaged US$250.22 per cwt, up US$4.78 per cwt or 1.9 per cent from US$245.44 per cwt the previous week, and up 10.9 per cent from US$225.60 per cwt the same week a year ago. Weekly prices established highs not reached since July 2015.

Average chicken cutout values (breast) for the week ending June 10, 2017 averaged US$166.72 per cwt, up US$1.38 per cwt or 0.8 per cent from US$165.34 per cwt the previous week, and up 46.8 per cent from US$113.56 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

The USDA released the June World Agricultural Supply and Demand Estimates (WASDE) on June 9th. The June USDA WASDE report revised the 2017 United States Red Meat and Poultry production estimates slightly lower to 100.735 billion lb., a 0.3 per cent decline from the May estimates, but still a 2.9 per cent increase from 97.612 billion lb. produced in 2016. The June pork production estimates for 2017 were estimated at 25.894 billion lb., down 0.6 per cent from the May estimates, but overall 3.8 per cent higher than 2016 U.S. pork production.

USDA June World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
2016	**Annual**	**25,221**	**24,941**	**40,695**	**5,981**	**97,612**
% Chg.	**2015-2016**	**6.43%**	**1.80%**	**1.62%**	**6.29%**	**3.15%**
2017	May Proj.	26,310	26,054	41,482	6,122	100,735
2017	**June Proj.**	**26,225**	**25,894**	**41,458**	**6,092**	**100,435**
% Chg.	May to June	-0.32%	-0.61%	-0.06%	-0.49%	-0.30%
% Chg.	**2016 to 2017**	**3.98%**	**3.82%**	**1.87%**	**1.86%**	**2.89%**

Source: USDA June WASDE Report, June 9, 2017

Leading the way in United States meat production increases in 2017 (by percent) are projected to come from beef (+4.0%), pork (+3.8%), and turkey (+1.9%), followed by broilers (+1.9%). (Source: USDA WASDE) Production estimates in all four livestock sectors were lowered from the May estimates for 2017. Lower cattle and hog weights were a factor.

United States crop projections for (2017/2018) have projected corn acreage at 90 million acres, down from 94 million acres the previous year, but unchanged from the May estimates. Lower corn acres along with lower yield projections have reduced corn production by almost 1.1 billion bushels from the previous year. While U.S. corn production is projected to be significantly lower; reduced corn exports and usage may only reduce ending supplies by less than ten per cent. U.S. Soybean production is projected at 89.5 million acres, up from 83.4 million acres the previous year. Production is however estimated to slightly decline from the previous year based on lower soybean yields. With higher projected soybean imports; U.S. ending soybean stocks are actually projected to increase 10 per cent from the previous year.

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